

**COMMISSION ON THE NATIONAL GUARD
AND RESERVES**

HEARING ON RESOURCING AND READINESS

SUBJECT MATTER EXPERTS

FEATURED WITNESSES:

**DR. JAMES T. CURRIE,
INDUSTRIAL COLLEGE OF THE ARMED FORCES,
FORT MCNAIR, WASHINGTON, D.C.**

**J. MICHAEL GILMORE,
ASSISTANT DIRECTOR FOR NATIONAL SECURITY,
CONGRESSIONAL BUDGET OFFICE**

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ARNOLD L. PUNARO: Commissioners, come back to order, please.

Our final panel today consists of two very distinguished subject matter experts. First, Mr. J. Michael Gilmore, assistant director of the National Security Division at the Congressional Budget Office, who will provide some insights into some of the issues of the current readiness situations in the services and their reserve components and other activities. His office recently published a study which examines the Department of Defense's new deployment, tour length, and rotational policies.

CBO's analysis, as I skim through it, justifies some skepticism as to whether those policies can reasonably be achieved in the near future with the number of combat brigades currently available in the Army's active and reserve components, and suggests that the pattern of decreasing readiness levels is something that could possibly continue in a source or cause of concern, but we'll let our witness describe the situation the way he wants to describe it. I'm not trying to put words in anybody's mouth.

Also, he's a former DOD program analyst in PA&E and now one of Congress's primary analysts of the Defense Department programs of information, Mr. Gilmore knows exactly what type of information and data exists and what congressional committees have to work with in their oversight roles. And I would say that many of us here on this panel have had the great privilege of working with the Congressional Budget Office over the years. Their National Security Division is their premier division in my book. It's certainly had a history over the years of providing objective, thorough, dispassionate, but options for Congress, which is what they're set up to do. I know in my years on the Senate Armed Services Committee with Senator Nunn, we heavily relied on the CBO time and time, and time, and time again for their analytical skills and their insights, but particularly for their objectivity, which also PA&E is noted for in the Pentagon, and I certainly hope they never lose that either.

Our second witness, Dr. James – Jim T. Currie from the Industrial College of the Armed Forces, has studied the reserve components inside and out. After a four-year tour in the active Army, he completed a 30-year Army career as a drilling reservist. As a historian, he has served as both a college professor and a historian for the House of Representatives. He was also a U.S. Senate staffer for Senator Lloyd Bentsen, and a member of the professional staff of the Senate Intelligence Committee, and a colleague of ours when we worked on the Hill, and we've all had the privilege of working with Jim over the years in many different capacities. Now, as a professor at one of the nation's premier joint military schools, he has given thoughtful consideration to many of the issues our Commission must tackle in the final report. His views on subjects as diverse as the reserve retirement system and the potential merger of reserve components will certainly provide much food for thought for the Commission.

These two experts – these two gentlemen are certainly well qualified to provide the Commission with their expert questions on the topics we’re examining today, as well as another very important issue which we will address in our final report in January. And obviously, without objection both statements will be made a part of the hearing record, so thank you again to both of you for joining us this afternoon, but thank you again for your many contributions to the country in this particularly important field over the years.

So with that we’ll start with our testimony. I don’t know who would like to go first. Okay. There you go.

J. MICHAEL GILMORE: All right. I’ll start. Mr. Chairman, members of the Commission, I appreciate the opportunity to be here today to discuss four issues: past and projected operational tempos of the Army National Guard’s combat units; the overstructuring of the Guard and the need for cross-leveling to deploy its units; equipment shortages; and recruiting, retention, and end strength in the Army National Guard and Army Reserve.

So I’ll just go through those issues, and say a few words about each one of them in turn, starting with past and projected operational tempos. Since 2003, DOD has been committed to a policy of mobilizing National Guard Units for one year out of every six, and recently, DOD has set a strict one-year limit on mobilization time. Now, these are goals with exceptions as dictated by operational needs. But they imply a deployment length of less than one year, and deployments once every six years. This is consistent with having somewhat more than seven Army National Guard Units at their home stations for every one deployed, and that’s the rotation ratio – that seven to one is the rotation ratio that has become a standard way to describe operational tempo, both for the Guard and the active units. Rotation ratio that is actually achieved in the Guard will depend – for the Guard’s combat units will depend on the degree to which the Army can reduce the amount of time that a Guard unit spends mobilized but not deployed.

Overall, the rate of which the Army National Guard’s combat brigades have been deployed since January 2003 is greater than that seven to one goal by about 40 percent. So the corresponding rotation ratio has been about 4.3 units at home station for every unit deployed. Now, proportionally, that means the Guard’s brigades have been stressed about as much as the active Army brigades have, and for the active Army they’ve been experiencing a rotation ratio of about 1.2 to one, compared with their goal of two to one. Once the Army – and that’s a war-time goal; peace time goals are less – are more relaxed, like three to one, or four to one – once the Army has finished establishing its six new active duty combat brigades – which is right now a plan for 2012, but the Army chief of staff has indicated that he’d like to accelerate it to 2010 – it should be able to keep a force – the Army should be able to keep a force of 15 combat brigades in Iraq indefinitely while meeting its and DOD’s goals for active and reserve component operational tempos during war time.

However, even if the six additional brigades were available now, they wouldn’t be sufficient to allow the 20 brigade surge or increase in forces that’s ongoing to be

sustained for more than a few months without violating at least one of the component's rotation ratio goals or operational tempo goals. And, since Guard brigades were used relatively heavily during 2004 and 2005, and because over the next year or two many of the Guard brigades are scheduled – are either in or scheduled to be in conversion to a modular configuration, there aren't going to be many brigades that are actually Guard brigades or combat brigades that are actually available to be deployed, assuming that DOD adheres to its current policies and plans.

When a unit – now turning to overstructure and cross-leveling – when a unit of the National Guard is being mobilized for deployment equipment and personnel are transferred to it from one or more other units. That so-called cross-leveling is necessary because the Guard has long been, and continues to be overstructured. And by overstructure I mean the Guard has had more personnel slots in its total structure than it has been able to assign people to fill. For example, in 2002, the Guard's divisions and separate brigades required a total of nearly 200,000 personnel, were authorized to have 195,000, and they had only 172,000 personnel that they could assign to units. An 88 percent fill rate compared with the authorized level. That degree of overstructure was equivalent to about six separate brigades that could not be manned. In practice it meant that separate brigades had fill rates of about 90 percent, and divisions had fill rates of 80-85 percent because of the decisions that were taken during that time to emphasize the readiness of the so-called enhanced separate brigades.

Now, units are commonly deployed at 105 percent or more of their authorized strength, and in the Guard that requirement necessitates transferring additional personnel into the unit. It's also true in the active, but it's more of a problem in the Guard. Such cross-leveling allows an undermanned unit to be deployed at full strength obviously, but it causes the donor units to be even more undermanned than they were before, and in an extended series of operations, such as the ones in Iraq and Afghanistan that have been ongoing, the donor units themselves will have to deploy at some point, and that compounds the problem of undermanning. So it tends to snowball.

Under DOD's policy, restricting the time that individual reserve component personnel can be mobilized and deployed, a donor unit could easily find that once it received its transfer personnel back, it not only was still understrength but now had a large number of personnel, or a substantial number of personnel who were ineligible for mobilization and deployment which further compounded the problem. So each additional deployment would make the situation worse. The Army is restructuring the Guard's combat forces to reduce the amount of overstructure. Around 2012 the number of Guard combat brigades will decline to 28, compared with 38 before the beginning of OIF and OEF, and 34 now.

Currently however, the Army Guard's combat forces have 93 percent of their authorized personnel assigned to them. That means they still require cross-leveling to deploy. Now, DOD has also changed its policy on the employment of reserve component forces. The new policy will no longer base deployments on the number of times that individual reservists or guardsmen had been deployed. Instead, deployments will be

based on the frequency with which a given unit has been deployed. That shift could break the link between donor and recipient units that causes cross-leveling to escalate, but it really will only do so in the next few years if DOD is willing to deploy reservists who have already been deployed once or several times recently.

So now, turning to equipment, actually what you'll find is that we really don't have much detailed information to provide. Although the Army has stated numerous times that its Guard and Reserve units are short of modern equipment – and we know that's true, and we know that that phenomenon is not new. However, the shortages the Guard and Reserve experienced before OIF and OEF have been exacerbated by the practice of leaving equipment behind, and a process similar to cross-leveling of personnel, Guard units that were short of modern equipment, borrowed equipment from other units that were also short in order to be fully equipped to deploy Iraq. And the early deployment – earliest deploying units when returning home were required to leave some of their equipment – sometimes substantial amounts in Iraq – although, and by the way the GAO has found that the Army isn't actually tracking the total amount of equipment that's being left behind, and the equipment they left behind was often their most modern for use by the later deploying units.

MR. PUNARO: Is not or is? I couldn't –

MR. GILMORE: Is not.

MR. PUNARO: Is not.

MR. GILMORE: At least as of October, 2005, it was not tracking it in detail. And we don't have that information we've asked for.

As a result, all of the effective donor and deploying units were short of equipment that they – were more short of equipment than they had been before operations in Iraq and Afghanistan. The effect of that policy is difficult, and in fact, impossible for CBO to quantify because we lack the data on what equipment reserve component units had before they deployed to Iraq or what they left behind. We know what was required. We know what the total inventories are across the Army, but we don't know what individual units had when they deployed, and we don't know what they had when they returned. Now, presumably somebody in the Army knows this because they have to submit status – reports for the status of readiness and training system which includes equipment fill. But we don't have that data and, as I said, some of it wasn't being collected at least as of October 2005.

Now, we do know the Army requested \$2.5 billion in the 2007 supplemental bridge fund specifically to replace equipment that reserve units – component units left behind in theater, and we know that, in fact, you know that the ASD for Reserve Affairs testified before you last month and indicated that DOD plans to spend \$36 billion over the next five years to buy equipment for reserve component units in order to bring their readiness to between 80 and 90 percent, and of that amount indicated that \$27 billion is

intended specifically for the Army National Guard and Army Reserve. As I said, we lack the data that we would need to do any kind of independent assessment of the sufficiency or effects on readiness of those purchases.

Now finally, turning to recruiting, retention, and end strength, the Guard and the Reserve have faced recruiting difficulties in recent years as have been active, although both the Guard and Reserve, and the active experienced turnaround in recruiting in 2006. So everybody had a problem in 2005, and has bounced back somewhat in 2006. Turning to Guard specifically, it missed its recruiting goal for each fiscal year from 2003 to 2005 by at least 13 percent. In 2005, with the somewhat higher than average goal of 63,000 recruits, the Guard had its larger shortfall: almost 13,000 recruits, or 20 percent. Consequently, its end strength fell from more than 350,000 troops in 2003 to 333,000 in 2005. To partially compensate, the Guard set a goal of 70,000 recruits in 2006, the highest level of the decade, and by increasing the number of recruiters, enlistment incentives, and other resources, the Guard recruited just over 69,000 personnel. All the components have been increasing substantially the amount of money that they've been spending on enlistment bonuses and selected reenlistment bonuses.

What they did, combined with higher continuation rates – which is the fraction the force of the service that remains in service from one year to the next – caused end strength to rise slightly more than – to more than 346,000 by September, 2006. Through March, 2007, the Guard has exceeded its goal for the fiscal year to date, recruiting 33,700 personnel, about 40 percent – 48 percent of its annual target of 70,000. If the Guard meets its 2007 accession goal of 70,000 and maintains those continuation rates at the 2006 levels, it will finish this year with an end strength almost 3 percent over its authorized level of 350,000, we project. After that, accessions of 59,000 to 60,000 per year would allow end strength to grow to 355,000 by the end of 2011, as is planned in DOD's fiscal year 2008 Future Years Defense Program. So that's consistent with the plan that DOD has for increasing the end strength for both the Active and the Reserves, and we think the Guard will be able to meet those targets.

Now, turning to the Army Reserve, end strength dropped from 204,000 in fiscal year 2004 to 189,000 in 2005, which is 16,000 below the authorized level of 205,000 for that year. That decline, obviously, reflects difficulties in recruiting as well as a decrease in continuation rates. So less folks were staying in the service. Despite having set the lowest recruiting goal of the decade in 2005 – 28,485 accessions – the Army Reserve fell short by nearly 5,000 people or 16 percent. The Reserve raised its recruiting goal to 36,000 in 2006, and in an effort to meet that goal has shifted almost all of its recruiting support personnel into direct recruiting, although the total number of recruiters and support personnel declined from 2005 to 2006 by 4 percent. It also – the Reserve also increased its total spending on enlistment bonuses from a pre-war average of \$25 million annually from 2000 to 2002, to \$84 million in 2006, although the amount that they've been spending on those bonuses have been steadily increasing over the intervening years.

By the end of 2006, the Reserve had recruited 34,400 enlisted personnel or 95 percent of its target. In addition to more enlistments, more soldiers remained in the

Reserve in 2006 in part because incentives for reenlistment were increased substantially. Continuation rates were among the highest of the decade. Altogether, the Army Reserve spent almost \$174 million on enlistment bonuses for its drilling members in 2006, compared with between \$3 million and \$12 million a year during the period spanning 2000 and 2004. The resulting improvements in recruiting and retention caused end strength to stabilize in 2006 at 190,000 personnel, still 15,000 short of the authorized level for that year of 205,000.

For 2007, the Reserve's accession goal was reduced to 35,500, and authorized end strength was also reduced to 200,000. Through March 2007, the Reserve had recruited 13,000 enlisted personnel, 92 percent of its goal for that period, and slightly less than the 13,400 recruits over the same period last year. 2008 FYDP calls for the Army Reserve to reach an end strength of 205,000 by 2008 and to remain at that level through 2012, after which it would rise slightly. Achieving that size force by 2008 would require higher accession levels and continuation rates than those sustained in this decade by the Reserve. CBO projects that if continuation rates rose to match the highest levels of the decade – those in 2003 – and if accessions grew from 35,500 in 2007 to 40,000 in 2008, and 42,000 in 2009, the force would increase to 198,000 personnel in 2008 and then reach 205,000 in 2009.

However, accessions of that magnitude are above the average numbers attained early in the decade. If, instead, continuation rates remained as they are now, and the Reserve attracted its current goal of 35,500 recruits annually for the next several years, the force would essentially tread water, grow to about 192,000 personnel in 2011, we project. To achieve an end strength of 205,000 by 2011 would require meeting this year's accession goal and then recruiting 40,000 to 41,000 people each year thereafter. To obtain those roughly 6,000 additional annual enlistments, the Army Reserve could either increase its recruiting resources or improve incentives to enlist. Those are the two obvious choices.

Research evidence on the effectiveness of recruiting resources for the Army Reserve is scanty. However, one RAND study from 1991 concluded that if the Reserve boosted its recruiting force by 10 percent, enlistments might rise by between 7 percent and 7 percent. Of course, that's a pre-war study, so the incentives to enlist are a little different now. That research suggests that the Army Reserve would need an additional 350 to 425 recruiters and an annual cost of about \$50-\$60 million to achieve its end strength goal by 2011.

Thank you.

MR. PUNARO: Thank you. Dr. Currie?

JAMES T. CURRIE: Good afternoon, General Punaro and other distinguished members of this Commission. I want to thank you for letting me come here and testify before you today. I delivered my full statement to your staff last week, and I hope you've

had a chance to peruse it. I understand I have only very few minutes, so let me get on with this.

My statement is built around two themes, that the present and recent strategy or policy, or whatever you want to call it, the deploying reserve component units – one in every five or every six – is quite short-sided, will ultimately diminish the quality of those very reserves, and second that the troop units of the Army Reserve and the Air Force Reserve ought to be merged into the appropriate National Guard Organization. So let me expand briefly on each of these.

Reservists are citizen soldiers or citizen airmen, or whatever service they're member of. Many of them – perhaps most of them – have served on active duty for a time, and then joined the Reserves when they got out. They do their best to maintain a civilian career, while serving part-time in the reserved components. In almost every instance, their civilian career provides most of the income for their family, and it will provide the bulk of their retirement income. Those of us who have qualified for Reserve retirement pay know that it doesn't amount to a great deal. My total Reserve retirement pay, based on an average of over 100 retirement points a year for 30 years of service, counting almost four years of active duty, retiring at the O6 level, pays about half of my son's college tuition each year.

My point is that service in the Reserves is financially like a second job. And like any second job, if it interferes too much with one's primary occupation and primary source of income, then it probably will be sacrificed, no matter how patriotic you are, or how much you want to serve your country. I believe firmly that the policy of once every five years or every six-year deployments is going to lead many reservists to do just that: to end their reserve careers because they've been forced to choose between service in the Reserves and a successful civilian career.

I would submit to you that no matter how patriotic your employer is, very few organizations, or very few businesses could afford to have key employees gone one year in every five or every six. I'm firmly convinced that you, as an employer, would penalize those people who were missing those years, and that your civilian career as a reservist would be harmed. And I don't care what the law says about it, I think that is the reality. The strength of the reserve components in this country has always been the quality of the men and women who have served in them. There are today men and women serving in the Reserves of every service who have distinguished themselves in their civilian careers, and when we need those reservists, or those members of the National Guard in a genuine national emergency, using the skills they've developed both in their civilian careers and their military careers, they're there to serve the country, applying their civilian expertise and leadership to the problems that face the military.

In my opinion, if we continue to use the Reserves of the Army and the Marine Corps as simply replacements for overstretched and overstressed active duty units, we will cause the people who have significant civilian careers to leave the Reserves. And if an employer says they can afford to let someone go that frequently for that long, then

that's not the type of person we want in a senior leadership position in the Reserves, either as a senior NCO, or as a senior commissioned officer.

I note that you're scheduled to hear tomorrow from representatives of the National Committee for Employer Support of the Guard and Reserve, and from some employers themselves. I'm confident you will ask them tough questions about how employers are reacting to the increased length and frequency of reserve component deployments. This leads me to my second point, which is the merger of the troop units of the Army Reserve and the Air Force Reserve into the National Guard, and why I think such a merger would be a good idea.

I am an Army reservist to the core. And it hurts me to say that I see no logical reason why we need a separate Army Reserve and Air Force Reserve today, with the exception of an individual ready reserve for the Army, but that's the way I see it. I approach this topic not as an Army reservist that I was for 30 years, but as someone who is trying to be objective about the future national security needs of our country, and how best to meet them. I do not believe that we can afford today to be nostalgic about the Federal Reserve components of the Army and the Air Force, and keep them around just because they've served us so well in the past.

What I would do is transfer to the Army National Guard of a particular state those Army Reserve units that are resident in that state. I would transfer the people, the equipment, the buildings. I would leave the USAR with an individual ready reserve as a place for non-unit reserve component soldiers. I'm confident this would greatly reduce the Army Reserves administrative structure and overhead, and would save millions of dollars each year. Moreover, such a transfer of assets would increase the Army National Guard's ability to deal with natural and manmade disasters by greatly increasing its strength, especially in the areas of transportation, medical services, and military police – all of which are key competencies of the Army Reserve.

I would do a similar merger of the Air Force Reserve and the Air National Guard. Now, why do I include the Air Force Reserve in this proposal? I would turn this question around and ask "why not include it?" I see no reason why we need two sets of forces that do approximately the same thing. I'm sure we could save money in combining the two organizations, eliminating duplicative overhead, and transferring those billets into operational ones, just as what happened with the merger of the Army Reserve into the Army National Guard. I firmly believe that we would lose no capabilities if we effected such mergers. As we give the National Guard more homeland security responsibilities, and ask them to respond to more disasters, I believe the National Guard needs to be strengthened, and the logical way to do it is by transferring Army Reserve and Air Force Reserve units to it.

I know the members of this Commission have been bold in their thinking and in their recommendations, and I'm confident that you will be so in considering the proposals I've presented to you today. Thank you, Mr. Chairman and other members of the Commission.

MR. PUNARO: Thank you. Thank you both. Let me start with a broader question – just don't count on the economics or personnel – for Mr. Gilmore, and that is I know both of you are probably familiar with the great industrialist and defense expert Norm Augustine, and Augustine's laws, and Dr. Augustine projected on the procurement side of the House, he says, "Look, the cost of our complex weapon system keeps increasing in such a rate, and the budget doesn't keep up, and the support costs doesn't keep up," he says, "in the year," – let's just say, "2050, we're going to be able to buy one airplane because it's going to be so expensive."

Are we not, Mr. Gilmore, when you look at it, and you start costing out – I mean, when you start beginning to look at the cost of active duty personnel – for example, we got into this with Dave Patterson from the Comptroller shot at the beginning of the panel today. Five years ago, they programmed roughly 60,000 for active duty personnel. They've programmed now 120,000. So, in just five short years, the cost has doubled. That's for an infantry soldier – I mean, that's not for some of the more specialized skills.

Obviously, the Guard Reserve is cheaper, but when you look at the fringe that the Congress has had a lot of benefits, departments had a lot of benefits, you know, your non-contributory retirement, when CBO – in my understanding – is I've seen some analysis that says the cost of increasing the size of the Army to the new end strength when you've got to recruit and retain the people, train them, buy the facilities, and buy the equipment, it's about \$100 billion dollars. The Army isn't prepared to say yet what it is, but it's – they're certainly prepared to say it's greater than \$70 billion, which is the wedge they've put in the palm. So, you know, it's somewhere in between – what CBO's experience in this whole area of the escalating cost of personnel and you all's worries about the future, if you have any?

MR. GILMORE: Turning first to that estimate of the cost of increasing the force relative to the QDR levels – which were 4024 for the Army, and 175,000 for the Marine Corps – our estimate that we did for the Armed Services Committee four or five weeks ago was \$108 billion. I forgot over exactly how many years that was. It was probably till completion of the increases, and there were substantial amounts in there for increased recruiting and retention, because we've looked at the trends, and as I mentioned in my testimony, the trends have been very much upward in terms of recruiting and retention bonuses, and that sort of thing.

So over the next few years, we would expect that that would continue, although once we were dropped in Iraq obviously you wouldn't have to spend as much. But, in any event, our estimate is about \$108 billion. And that, by the way, is assumes that the units – that all of the new six brigades that the Army stands up are light infantry brigades, which I think is actually unlikely to be realized. I think that some of those would probably end up being heavy, and therefore more expensive. But right now, the Army has as a planning wedge that they will all be light infantry brigades.

Turning to the other issue, increase in cost for personnel, every year for the past three or four years we've done what we call a long-term projection of the implications of current defense plans, the path that we're on now. It's not a prediction of what future budgets will be because policies and plans are going to change, but if they remained unchanged, we do a projection of what the fiscal implications would be. And what we find is that, you know, relative to investment, the ONS costs are growing. There's real growth in ONS costs – I can get you the figures, I don't remember them off the top of my head, but you can see – in the projections that we do, you can see that operating and support costs for the force are growing steadily in real terms, and investment is either for a somewhat – for some period of growing and then declining as a share of the overall defense budget.

But there's steady growth in operating and support cost. Why? Well, there are two primary reasons: increasing costs of benefits – such as TRICARE for Life, but not just that – you mentioned there are other benefits that both DOD and the Congress have supported and implemented in the last several years, and also real increases in pay. The department and Congress had been supporting for some time pay increases at a rate of the DCI plus half a percent, and in fact, in the authorization bill for 2008, they're planning on continuing that, even though they had previous plans that have been to ramp that down to just DCI.

So yes, we see continuing real increases in ONS cost, and although the department undertakes initiatives from time to time to try and reduce those costs – and I'm not criticizing those initiatives – the historical trend has been steadily upwards for a combination of reasons, and we see no reason that it won't continue to be.

MR. PUNARO: The second part of that question is you alluded to the increased cost for recruiting and retention, which is logical considering it's tougher to get people to join in the environment, and tougher to get people to stay in when they see nothing but unlimited deployments, so obviously you pay more. Has CBO looked at all – at the late '70s and early '80s – when the Army and the Marine Corps, to meet their numbers, decided to decrease their quality of the people they were bringing in, and the added cost that that brought on the service body, the non-EAS attrition and things of that nature? I mean, it almost looks like the Army and the Marine Corps are ignoring history as they say, okay, we're going to grow our force, but we're going to lower our quality standards because we know we can't grow the force and meet – it's costing us more for a lower quality – and we'd rather have the numbers and the quality, and we went through that in the late '70s and early '80s. Has CBO taken a look at that?

MR. GILMORE: No, we haven't specifically done that. We do know what's been happening recently. I mean, we know what the increases have been, for example, in enlistment bonuses, \$29 million in 2002 for the Reserve, growing to \$84 million in 2006, and for the National Guard, \$78 million in 2004 growing to \$205 million in 2006, and similar increases in reenlistment bonuses.

And in terms of quality, I guess there's no unequivocal way of measuring that, but there is the Armed Forces Qualification Test scores categories 1-3A, and in the Reserve, you know, pre-war was 88-90 percent – oh, excuse me, in the Reserve it was 63-66 percent pre-war, and it was 59 percent of the recruits in categories 1-3A in 2006, and it was 57 percent in the Guard, and there's been a similar dip in terms on percentage – number of percentage point dip relative to pre-war –

MR. PUNARO: Well, certainly the active duty has the – has traditionally, focused on the high school diploma holders in the middle categories, and for 30 years, they've said those are real important. Now that they can't make their numbers, well, they're not as important as they used to be. We figured out new ways of measuring it.

MR. GILMORE: Well, interestingly enough, the number of high school degree holders is holding up, but the number of people in categories 1-3A is declining somewhere.

MR. PUNARO: Right. We can spend all day on this. Let me shift to Dr. Currie and then move on for others.

You talk – you suggest that this – I don't know if it's a recent phenomenon, but it's certainly a phenomenon of people in the Guard and Reserve having to spend more and more time on active duty, and you suggest that that trend is not necessarily compatible with those that would have a full-time civilian job. You know, to it's probably the expectation of what you expected when you came off active duty. We've said in the Commission – at least I've said – you know, if somebody wanted to be on active duty 365 days a year, five years in a row, they shouldn't be in the Guard and Reserve, they should be in the active duty military. It's – the Guard and Reserve are not active duty full-time soldiers, sailors, air, and marine. They're part time.

I know myself in my own career, as you get up to the colonel and general officer levels – certainly in the Marine Corps Reserve – we only had ten general officers and of those ten, there were only two that had full-time jobs. The rest of them were either retired or were airline pilots, and even a person – like myself – that had a full-time job, if you weren't able to do 150-180 active duty days a year, you couldn't be a general officer, and then a lot of the general officers – I believe in your testimony, you point out that General Blum, who makes pronouncements about don't worry about it, the Guard and Reserve can do this, he's been on active duty his entire career. He's never really had a civilian job. Is that correct?

I mean, how do you dissect this, or what's your impression of that? I mean, I'm not knocking General Blum at all, but I'm just saying that – and then – let's face it, some of our colleagues have also – serving in these high-level jobs – had been full-time active duty for many, many years. They haven't been people that basically had a full-time civilian career, and then once every seven or eight years did a year of active duty.

MR. CURRIE: Everything I have to say is basically anecdotal, and it is what I would call intuitive. And I don't have the data that support this. I can't quote statistics like my colleague here can on it. I just know that I have never worked for anybody who would have looked favorably with my being gone as often as what is being expected of reservists today. And if I had tried to be gone that long, they would have said, "Currie, we're going to shift you off to the slow track here in this civilian career." And that includes the federal government. The federal government employs a lot of people who are in the Reserves, and I know for a fact, from talking with people who are in the Reserves today, and work for the federal government, that they are getting increasing pressure to get out of the reserve components. They tell me that you're going to have to choose between rising in the ranks, as you become a GS14 or GS15, or whatever, and remaining in the Reserve components, because the demands are getting to be too great.

As an O6, as a colonel in the Reserves, I was putting in, like everybody else, a lot of days that you never got paid for, you never got anything for, and that's just the way it was, and that was fine. You're putting in a lot of weekends and a lot of nights. You're taking time away from your families and all of that, and that's just part of it. And you kind of signed up to that. But I do not see how we can continue with this every five-year or every six-year deployment schedule, and expect to keep the quality of the leadership – both among the NCOs and among the commissioned officers – that we have come to expect in the Reserves.

And the fact is if you can't keep that quality, then when you do deploy them for something – and it may not be an overseas deployment – if you're in the Guard, it may be for an emergency of some other kind, you don't want the second string out there leading them. You want people who have demonstrated through their military careers and their civilian careers that they have the leadership skills, and they are of the quality that you would like out there leading and responding to those disasters and to those other things. And I simply don't think that you can do it the way we're doing it today, and frankly, I have never seen any debate on this. If you all have a debate on it, you'll be the first group I have ever run across that will have had, because the QDR doesn't talk about it. They kick the can down the road. They don't want to discuss the reserve components. It's too hard for them. They don't understand it, and they just want to get rid of it and let somebody else deal with it.

I think what has happened is that in the quest for some sort of rationale for continuing to keep reserve component units at high strengths, the leadership of the Reserves, not even the present leadership, but two or three people back decided what we've got to do is convince the active force that we can provide them with some relief, because they're being overstressed, and they're being overdeployed, and by gosh, this will mean that we're relevant, and that's the reason that we're doing this. And you know, I'm not knocking anybody at the senior level personally. I have great respect for them and everything else. But I don't believe we have had anybody at the senior level of the reserve components in the last few years who has actually had to confront do I keep my civilian career going, or do I do my Reserve career? One or the other, they've been able to do the one without having to worry about the other.

And, you know, I just think somebody ought to speak up and talk about this. When I did an OpEd in *Army Times*, I got over 100 e-mails from people who said, you know, at least somebody's finally raising this issue. This is in 2000, and they were saying, you know, nobody ever asked us what we want. They're just doing this to us, and now we've got some many years in. We've got 16 years in – 17 years in. We can't afford to get out. We've got to make it to 20 and get through that. And I think right now the reserve components are living on those people who have said, I've got to make it to 20. And I think we're going to see in the next few years a massive exodus from the Reserves of the very people that you would like to have in them. And I think we're fooling ourselves if we think otherwise.

We're spending incredible amounts of money recruiting, and retaining, and everything else, and I know the way it works. If you spend enough money, you're going to get somebody who will do it. But I'm just not sure that they're the somebodies that you really want to have in the leadership of your reserve components. Excuse (unintelligible).

MR. PUNARO: That's all right. I look forward to coming back to that. Commissioner McKinnon?

DAN MCKINNON: Mr. Gilmore, you start talking about the cost of recruiting here. Is that in the normal part of the budget, or do they – if they're going to spend \$160 million, or whatever it amounts to more for recruiting, does that come out as part of the operational part of the budget then?

MR. GILMORE: They've been – correct me if I'm misspeak here, but I think that they've been requesting substantial amounts of those increases in the supplementals. There's a certain amount that's in the base budget – I'll have to get you the figures, I don't remember them, obviously, off the top of my head. There's a certain amount that's in the base budget for recruiting and retention, and reenlistment bonuses, but the majority of the amounts that I quoted to you have been paid for out of the supplementals.

MR. MCKINNON: Okay. Do you believe the reserve components were adequately funded from say '97 through today?

MR. GILMORE: Well, I'm going to equivocate here a little bit, because we're not supposed – in CBO, we don't reach judgments. We're just supposed to give you the facts. So what I'm going to tell you is what I know, which is that what I alluded to in my testimony, that relative to what's been required and what's been authorized, both in terms of personnel and equipment – and the required levels were always higher than authorized – the Guard combat units in particular have never had their authorized levels equipment, or have been able to fill to their authorized levels of personnel. That was a longstanding policy.

Now, the enhanced separate brigades, during those periods, were funded such that they had 90 percent or better equipment and personnel fill, but that wasn't true of, you know, the current – the other Guard combat divisions and elements. So I guess it would be fair to say that relative to authorized end strength and authorized equipment fill, the Guard combat units have been underfunded for a number of years, and that was a conscious policy that was followed.

MR. MCKINNON: When you -- (unintelligible) -- do you make recommendations to the Congress at all?

MR. GILMORE: No, we –

MR. MCKINNON: You simply analyze –

MR. GILMORE: – we give them facts, and then we do – what we do do is studies that present alternatives to them. You know, instead of doing what the administration is proposing, you could do X, Y, or Z.

MR. MCKINNON: Have you done any studies concerning folding the Reserves into the Guard?

MR. GILMORE: No.

MR. MCKINNON: Has anybody ever talked to you about that?

MR. GILMORE: No.

MR. MCKINNON: Dr. Currie, I just wanted from your – you talked about the fellows getting out of the – guys and gals getting out of the Reserves because of the job, and so on. There's been talk about why don't you give them retirement at 55 instead of 60 years old? You think that'd make any difference at all, or have any effect on that? There's still problems with their employers, still going to exist.

MR. CURRIE: Frankly, I don't think it would make any difference. You know, no matter how you cut it, for most of us, the Reserves are a part-time job, and Reserve retirement – I'm probably making more in Reserve retirement than – I'm going to say 95 percent of the people who retire from the reserves, assuming you make it to 20 years, or whatever. It's not a great amount of money, and you know, you can probably make as much selling Amway on the weekends. It's – you know, doing something like that. I don't think the retirement is the key to it.

Every time I talk to a Reserve group, they always ask me about that, and are they going to lower? I say, no, they're not going to lower it, because they don't need to. The Defense Department opposes it, and it's money, and you know, basically, once they've got you, they've got you. If you're going to do it because you're going to get money at 60, getting money at 55 is not going to make a whole lot of difference in terms of staying

in, I don't think. These are just my opinions, obviously, and I don't have any data to back them up, but it just doesn't seem logical to me that that would make a difference.

MR. MCKINNON: If you folded the Reserves into the Guard, would you keep the same numbers of personnel that you have today in both services?

MR. CURRIE: You could debate that. I see no reason not to. Frankly, I think the National Guard is probably going to have more missions. I don't know that they have enough people to do the missions they have today, and the logical way to me to increase their strength and their ability to do these things would be by simply folding the two Federal Reserves into them. And, you know, I did the history of the Army Reserve. I know as much about it as anybody around, and I hate to recommend that. But, like I say, you can't get nostalgic about these things.

MR. MCKINNON: Mr. Gilmore, when you talk about the budget for the military, and the question is where should the budget be? Is there any analysis going on between the risk and the threat – the risk being not budgeting as much money as some parts of the armed forces (should on their ?) budget, and as a result they end up with risk of – do you do any analysis in that way at all?

MR. GILMORE: What I found in my career is it's virtually impossible to do any – almost impossible to do any analysis that will quantify that risk, which I know is very frustrating to the leadership. But no – I mean, you can look at some specific issues like, for example, we have done in some of our recent analysis regarding how many units you would have immediately available to deploy if another crisis came up given what we're doing right now and the answer is, for the foreseeable future, not too many, you know, a handful.

So that helps to some extent quantify risk, but all we've done is look at individual problems in terms of looking at a macro level, and coming with some analysis that indicates the budget ought to be \$500 billion a year, or \$600 billion in order to achieve acceptable risk of doing whatever. The answer is no. I've never done any of that and I've never seen any attempt that worked. You just have to look at specific issues.

MR. MCKINNON: Have you all looked at the DIMER's program to see whether that's cost effective? I understand they've got about \$500 billion into it. Is it worth continuing, or has Congress asked any questions on that?

MR. GILMORE: Well, I'll have to admit that I haven't looked at DIMERs. So no, I can't give you any help there.

MR. MCKINNON: Okay. That's what I have for the moment. We're going to press on here while the Chairman's gone and Mr. Sherrard is going to follow up.

JAMES E. SHERRARD III: Thank you very much. Dr., let me ask you a couple of questions so that I try to get the drift of – the point – not the drift, but the point that you're making.

If I'm hearing you right, you're saying that in your view – that one in five or one in six is not sustainable, and my question then – what drives me to the question of saying are you telling me that an operational reserve is not feasible, or the fact that we can – what do you see is feasible then, or what do you think would be feasible in terms of what the Reserves – and I am saying Reserves collectively, both Reserve and Guard should be doing? Should the active force be growing and we remain static. I just can't figure out how we get there from here.

MR. CURRIE: Well, I'll tell you, sir, and I kind of said this in my written statement. Looking at this as a historian – and I've been a historian of one sort or another all of my career – I think you have to go back to 1791 to find a time when there has been a greater disconnect between the active forces of our military and using those forces to implement our foreign policy.

I think the Congress is trying to do this on the cheap and the cheap is being made up by the reserve components, because I think they're using the Reserves to do things, because they're not willing to fund the active components at the level that they have to fund them in order to be able to use them to implement the foreign policy. And I don't want to – I'm not trying to get into a debate about whether we should be in Iraq, or anything like that.

At the War College level, one of the things that we try to teach is that there are a lot of different instruments of power, the military being only one of them. And I think what has happened is that we are now using the military instrument of power much more than it needs to be used in our foreign policy implementation and that if we were using some of the other instruments being diplomatic and economic, and informational, we would not need to use the military as much as we're using it today.

I think, in fact, that if you're going to use the reserves operationally to the extent that you're using them today you can make that choice, but I think what you're going to do is break the Reserves if you do that. And if you make that choice, I think you ought to make it consciously and I think you ought to make it with full knowledge that that is exactly what you're going to do, and I could be wrong and if we do it I hope I'm wrong, but I will tell you that I don't see any other outcome for it than that.

And down the road I would say in ten years you will have a reserve component structure, Army, Air, Marine, everything else that will be significantly different in quality from what you have today, because the people who would be in it would simply be different from what you would have, and I'm not questioning patriotism and I'm not questioning anything else.

I'm simply talking the reality of trying to maintain that dual twice the citizen. If you're going to be twice the citizen, you can't be just one time of the citizen, which is a full-time reservist or reservist to the exclusion of your civilian career. You've got to do both and that's what our country has been for 200 years and I think we're changing that paradigm absolutely today.

MR. SHERRARD: But in the interim, assuming that we – if we said that is the right way to go, there is no question that you can't get there from here. If you started recruiting today to replace what Reserve and Guardsmen are doing with active forces, that's not a short term fix at all. That's a very long fix in order to get to that level where you produce that capability.

And I guess that's what I was trying to drive back to you to try to fill you out in your position of should the Guard – and I'll use the Guard specifically – should they be dealing more with the defense of the homeland, the support of domestic activities, vice combat related activities? And that would actually in one way could allow you to do what you're saying, but that also then requires a greater active force. So I guess I'm still a little bit uneasy with exactly where you're coming from. I can understand some of your concerns and I can tell you that frankly I've had some of those same feelings, but you can't have it both ways.

You've got to either buy the active force, or you've got to have the Reserve forces have their combat capability. There may be a different way of employing it and I guess my only caution to that would be we need to be very careful not to attempt to paint everyone with the same color paintbrush. Because I – you know, unfortunately, my blue suit comes out and we don't have to mobilize to do most of our missions, unlike the Army that has to do that, because of the very structure as well as the Marine Corps in the way they do things.

But in saying that, I guess I'm still trying to figure out – I understand your concerns, but I still see – if I hear you right, it's going to be a larger active force and maybe the same size Reserve force. However, it would be a reserve component in our forces, but it would also then be tied more to the homeland security or the homeland mission itself.

MR. CURRIE: You have basically said exactly what I have been thinking and that is that you either need a larger active force to do things – and I'm primarily talking Army and Marine Corps here – because I know the way that the Air component uses people on active duty. You don't have to commit an entire year to it. You're doing it in weeks and months instead of in increments of the year.

You can be away from your job for weeks or even a few months and it's not going to kill you, and I understand that. I worked on the Hill for almost eight years. Commissioner Punaro worked on the Hill up there. I would say that members of Congress generally are looking for an easy way out on stuff. They don't like to take the hard decisions. They don't like to do the difficult thing and right now what they are

doing is allowing the reserve components to fill in for the decisions that they have not made in terms of increasing the active component.

If you're going to use the active component as we're using it today – and I'm talking Army and Marine Corps primarily here – we're going to be out of Iraq sometime, I don't know when that's going to be, but there's going to be something else. There's been something else periodically for as long as we've had a country, so I don't doubt that we're not going to have something else, whether it's North Korea or it's something else down the road. If you're going to use the military instrument of power and you're going to use that to the extent that we're doing today, then by gosh, you ought to build it up to where you can use it, and I think you'd have to have a tie-in between using that instrument and having your foreign policy depend upon the use of the instrument and I think we have a disconnect today between those two. And that is my problem.

I said I'd go back to 1791 for the last time we've done this – we probably, at the time of the Philippines, right after the Spanish-American War, we had a little bit of the same thing. We've got ourselves into a war there that practically destroyed the U.S. Army in many ways, but I can't think of any other two times that we've come close other than today speaking as a historian.

MR. SHERRARD: Okay. Thank you, Mr. Chairman.

MR. GILMORE: Could I?

MR. SHERRARD: Yes, sir.

MR. GILMORE: It just turns out that we actually did a study that had one of those alternatives that might be relevant to this discussion.

A couple of years ago we did a study of options for restructuring the Army and one of the things that we considered, because at that time Mr. Rumsfeld had been complaining about the fact that he had the active in all of these Reserve units in order to go to war and it was cumbersome was well, okay, what would it take to eliminate the need, to activate any Reserve units, any Guard units, any Reserve units at all in order to go to war and there's a lot of CSS there.

And we found it would take about 300,000 additional personnel and about \$600 billion over ten years. So I think it would be fair to say that that would be a challenge.

MR. SHERRARD: Thank you very much, sir. One other question – in your analysis have you looked – are there studies that would show us ideally from – let's say, from '01, but closer the date, or maybe more relevant from, let's say, '03 to present, as to what is happening to the middle of the forces, i.e. the mid-level NCOs, the junior officers, or the mid-level grade officers, what those numbers are – realizing you're saying that, well, they're recruiting and they're coming in here, but we have a lot of – my belief

would be a lot of E1s, but maybe not a lot of E4s and E5s are the right number that we're looking for. And how do you fill in that gap as you go across that lifecycle of that force?

MR. GILMORE: Yeah. It's the experience profile before it's changing somehow or other in ways that we wouldn't like, and I think in the recruiting and retention paper we looked at years of service and the distribution, and I think we found that right now, it's holding up pretty well in terms of what the distribution is of experience in the force versus what the services like to maintain. Now, what will happen in the future anybody knows, but that was a study we did – what? About a year ago.

And so we found it was holding up and that, you know, obviously you can generate scenarios in which the force gets a little bit more younger than you would like, but the scenarios that we looked at didn't indicate major problems with development. Now, that's of course, we're protecting our current trends, so we're, you know, assuming that what's happening now continues to happen and we don't know that for certain.

MR. SHERRARD: Okay. Thank you, Mr. Chairman.

MR. PUNARO: Commissioner Stockton.

DONALD L. STOCKTON: Good afternoon, and thank you for being with us today and parting your wisdom and knowledge on our study.

Our mandate from Congress requires us to assess the adequacy of funding received by the reserve components, and it seems to me and others on this Commission that there's no one clear-cut one place that we can go look for this kind of information. We have to talk to different people, to have different views of what might be there, the GAO, the CBO, DOD documents and so forth.

So what data would you look at in order to make such an assessment and I would like for you to comment on whether you also find the data inadequate and perhaps offer some suggestions on ways in which oversight needs to be improved and how those improvements might be accomplished.

MR. GILMORE: Well, I'll be happy to tell you what we know and what we don't know and I alluded to this in my original remarks. Let me try and be a little more specific, but what we do know is we know the amount and type of equipment needed for the Army as a whole, for the Army versus the Guard, versus the Reserve, the TO&E force versus the institutional force, the TDA, we know that and we know it by individual unit.

Now, let me stress what we know is the amount of equipment that's needed. There are databases out there that we can go to so we can look at required and we can look at authorized bills and we know what they should have. And we know the total inventory of major types of equipment. So we know the total inventory of Bradley's and

Abram's and (unintelligible) warriors and that sort of thing. We don't have insight into generators and other things like that that can cause problems if they're not available in sufficient quantities.

So we know the total inventory of major types of equipment. Now, what we don't know is we don't know the type and amount of equipment assigned to the Guard and Reserve units at different dates. Annually, for example, we don't know what the actual fill is of equipment in those units. But we don't know it for the Guard and Reserve separately, we don't know it by major combat unit and to be really thorough we need to know it by unit identification code for the – you know, by stages, by guard unit.

So that means we can't tell you what the shortages are. We know what's needed, but we don't know what was there. We don't know what was there before, you know, on an annual basis before they deployed and we don't know what was there when they got back. We don't know what they left behind. So we can't tell you what the shortages are. We can't tell you what the shortages are. We can't tell you what the resource needs are.

Now, as I mentioned, somebody somewhere must have an idea what the shortages are, because all these units are reporting in the status of readiness of training system and they're reporting fill rates of equipment and personnel, but in particular equipment against authorized needs. And that's why a lot of these Guard units end up showing up red, because they're short. Of course, they've been short for a long time, so to those of us who have been looking at this for a while it's no surprise that these units are all reporting red in resource.

So we can't tell you what the shortages are, because we don't know what the units had when they deployed and what they had when they got back. We don't know what the ability is of Guard units to transfer equipment among themselves. We don't know what the Army is transferring to Guard units. We can't tell what was spent specifically for reserve component equipment needs versus active component equipment needs in the whole supplementals, and there's a large amount of procurement in the last couple of years supplementals. In fact, if you look back a few years what you find is that the Army has been giving up procurement money to buy more than once overall the equipment we think it has in Iraq.

But we don't know what the breakout is between money that's being spent for active equipment versus Reserve equipment with the exception of the 2008 supplemental were some additional information, additional details been provided, but for the past supplementals, we really don't have an understanding what the breakout was. So there's a lot we don't know and therefore a lot that we can't tell.

MR. STOCKTON: Dr. Currie, do you have any thoughts about the oversight of the adequacy of funding for the reserve components?

MR. CURRIE: I really don't have any way to contribute to that. I think CBO – if they don't have it, I doubt that anybody has it.

MR. STOCKTON: It sounds like we don't know more than we do know.

MR. GILMORE: Well, I can only speak for myself – (laughter) – and I can't tell you that those data aren't out there somewhere, but we've requested them and we don't have them. That's all I can tell you.

MR. STOCKTON: You can see why I'm bringing up the question, because we're trying to get our hands around the things that we do know and how we can figure out where we are about these things, how we can track them and how we can tell Congress that this is a recommendation to make things better perhaps.

MR. GILMORE: Well, we're working on studies for Congress – for example, where equipment needs that we've run into the same kinds of problems with data and share the same frustrations.

MR. STOCKTON: Mr. Chairman?

MR. PUNARO: Thank you. I think there's general head nods here at the table. Knowing CBO as well as we do, if CBO doesn't have the data, I think Dr. Currie is right. It's – the department is not tracking her, it's not out there.

You know, they may have some food fights from time to time over data, but they don't not give data to CBO that they have. At least that's been my experience, so I suspect either they don't have it or in any event – in any event, I think it's important – are you all working on getting some kind of equipment baseline, because the problem we're seeing now is every day there is a new number from somebody saying, well, we're this much short on equipment and you never get a feeling, okay, what's the baseline? Where's the starting point for the measurement? How much is in the pipeline? You know, what's the change requirement that is at it? Because if you start tracking what people have been saying the last couple of years, all the services continue to increase the amount of shortage in terms of their equipment efficiency.

Has CBO done any kind of baselining work there?

MR. GILMORE: We're trying now. We're looking at the overall equipment problems for the Army and focusing on the Army, both active and reserve components and trying to understand what's been spent in the supplementals and how that effects the shortages that are being claimed and the needs to repair or replace equipment that's been used in Iraq.

So we're trying and we'll be publishing something within the next couple of months, describing what we do now and what we don't, and there will be a lot of the latter. And the data that we have, there're various databases to which we have access and they give contradictory numbers and we're trying to work through all of that. So I'm not really sure what the definitive answer to your question is.

MR. PUNARO: Well, we look forward to –

MR. GILMORE: We're trying – we have certain information, but there's a lot that we don't have and unfortunately we also have to sort through contradictory information, which is nothing new in my experience in doing analysis of defense programs, but it seems to be particularly messy in this regard.

MR. PUNARO: Okay. Commissioner Stump?

E. GORDON STUMP: Good afternoon, and Dr. Currie, I was very interested in your remarks and your written paper, and I can tell you from the people I've talked to on the field, the idea that the Guard people will get out at 20 years is happening. When that 20-year mark comes, bingo, they're out of here. I'm not going to be deployed again. So that's a real concern and one thing that we kicked around at lunch time was would it be possible to encourage these people to stay longer if we were to reduce their age for retirement close to 55 as a progress toward 30 years. So I don't know if that's possible or not, but that is occurring today, that these people are getting out.

I was very interested in your remarks about combining the Guard and the Reserves. We have asked, had testimony, and your statement said that you'd be fighting a very uphill battle with ROA, which we understand. The other component would be fighting an uphill battle with would be the Army. As we have discussed those – you having been in the Army Reserves for 30 years know what happens when the budget gets squeezed. The first person that loses the money is the Army Reserve, and so their answers have been, well, they do something, they're different than what the Guard is – personally, I don't see how they're different from what the Guard is, because the Guard has CSS also. So I think that that's something that's viable.

So another possible problem is the lobby of the Reserves on Capitol Hill, and so anything that's as big a leap as this one is, is going to be something that's difficult to do. Now, the Army Reserve is about to engage in a program where the Guard has declined to participate, where they would have units with volunteers that want to spend more than 15 days on active duty during the year. They'll sign up for two or three months, for instance, and you'll form a unit that will be more ready than what a regular Guard unit is or Reserve unit, but you will have people in this unit, which will want to participate more and actually be guaranteed maybe 60, 90 days active duty, people who have part time jobs, or schoolteachers or things of this nature. There are probably some Reserve people who would like to do it. I would assume that maybe there might even be some Guard people who would like to participate in units like this, where they would actually sign up to spend not on full active duty, but maybe 60-90 days on active duty.

Now, what would you think about the possibility – take the ready Reserves, the individuals in the reserve component and keep the reserve component, have those units which are part active duty and make that part of the reserve component, and then put all of the other units, which are strictly the one-weekend a month and two weeks in the

summertime in the National Guard. That would maintain an Army Reserve that would be different. It would be one, which is really – they can reach out and grab them quicker, because they're more ready than they are today and call that the Reserves and then have the Guard with all the other units.

MR. CURRIE: You could do the same thing by merging those same units into the National Guard. It simply have different kinds of National Guard units. I don't see – in studying this, I really tried to look at it from as objective a point of view as I could and figure out why do we need to have a federal Reserve force for the Army and a state Reserve force for the Army and a federal Reserve force for the Air Force and a state Reserve force for the Air Force and –

I grew up in Mississippi, and 30 years ago, 40 years ago the Mississippi National Guard was not the same as it is today, probably none of the National Guards were. It was much more political. It was probably much less professional. I would be afraid of it in terms of a political influence from the governor and the others. It was racist. It had a lot of problems that I think were endemic to a lot of Guard units that the federal force didn't have. It has changed totally.

And if I were not convinced that the National Guard today is as professional military organization as a reserve component as I believe it to be, I would never have suggested anything like this. And I say that knowing that there are probably people in the Guard who would dispute everything I've just said, but I think that's the reality of it. I think, Commissioner Sherrard, you know, having grown up in Mississippi probably knows exactly what I'm talking.

It was the good old boys and that's exactly what it was in a lot of Guard units and it hasn't been that long that they've had political problems of influence and stuff like that. It's simply not that way today. I think if you could find enough people in the reserve components of the Army who want to serve 30 or 60 or 90 days a year and you could create units out of them and maintain the quality of them, then I think that's great. And that might be possible, but I still don't see why you need to call them Army Reserve.

And I just – like I say I don't understand in my own mind – you know, at the war colleges, we try to tell our students to think creatively and everything else – I hope our faculty thinks creatively as well – and I just don't see any justification today for maintaining those two federal Reserve forces as being separate. Marine Corps Reserve certainly, Navy Reserve separately and Coast Guard obviously, not a defense force, the Defense Department Force. There's no counterparts. I'd leave them alone, but I just don't see it, and I think it's commendable if they could come up with creative ways to have forces that would serve slightly longer, people who could serve longer. Maybe you can find people whose civilian position would let them do that on a volunteer basis, but I don't think you'll find – frankly, I don't think you'll find a lot of them. That's just my guess.

MR. STUMP: Probably true. Well, the reason I suggest now is because of the minefield we would walk into if we were to make this suggestion that we have people cringe when we start discussing out here.

MR. CURRIE: If I might say so, Commissioner, if I were going to ROA up against the National Guard Association as a lobbying unit, I think I know which one would win, you know? I see the smiles. You all know that as well.

There is probably – I would guess nobody on the Hill, who could lobby better than NAGUS, the NRA notwithstanding, I think or maybe AARP could come close, but I think, you know, comparing the two – ROA is a bunch of amateurs compared with the National Guard guys. They've got built-in – you know, they've got the built-in edginess, general – they've got the state.

General Punaro knows exactly what I'm talking about here. You know, those guys are organized if they are – you let me take the NAGUS and you take the ROA and we'll see who wins.

MR. STUMP: Yeah. (Laughter.) (No, I'm going to let these guys off ?)

MR. CURRIE: I understand. I understand totally. Right. I understand completely.

MR. STUMP: Okay. Well, thank you. Mr. Gilmore, the southern command has got – I understand they have a separate budget for equipment for the Army, for the – not southern command, but SOCOM has a separate budget.

The Army Guard and the Air Guard don't have a separate budget, but they kind of have a separate budget. When the Air Guard and the Army Guard need something and the Air Force and the Army don't see fit to fund those things, our friends on the Hill add it to the budget for us and there are specific items that go strictly to the Air National Guard and the Army Guard. For instance, C-130Hs were all adds that were outside the presidential budget. Some Black Hawk helicopters in the Army Guard, multiple launch rocket systems in the Army Guard were not in the budget, but were adds, were put into the budget.

Would it be reasonable, rather than going through this every year, of course, the congressmen like bringing the bacon home to their particular states, but would it be reasonable to just establish a separate budget for equipment for the reserve component, have it as rather than an add, put it into the budget, saying, hey, we're going to budget equipment likely due for SOCOM, put it into the budget and then there wouldn't be the big surprise and so forth. Of course, we would probably get into war that the active duty wouldn't do that, but we wouldn't necessarily be different equipment, although in the Air Force's position, the Air National Guard did buy the lightning pod outside the Air Force budget and it's a good thing they did, because those were the only airplanes they used in

the Western Iraq during the last war, because they had the better pods than the lantern that the Air Force had.

But what's your opinion on having a separate budget for equipment for the reserve components to make sure that they get their share. Right now, if you get so much money for C-17s, the only way the Air Force got any C-17s is Sonny Montgomery – one of them is from Mississippi and guess what? It was added to the budget and the Air Force got it, but everybody doesn't have a Sonny Montgomery in their state.

So what is your opinion on having a separate budget for a reserve component outside of what – and saying, hey, this money has to be spent on this equipment for the reserve component?

MR. GILMORE: I'm not allowed to express opinions. (Laughter.) All I can tell you is again, sort of – I'll engage in on the one hand/on the other hand kind of discussion, because that's what I have to do. I think it's true that those kinds of actions on the Hill and the NGREA accounts have occurred for years, but I think it's all – but the other thing that's true is that if you look at the total value of the equipment that's supposed to be in all of those units and you compare that to the funding that's been in the NGREA, you'll find that the NGREA is a small, and the funding there is paid for a small fraction of the total equipment.

So I think it would be a major change to – you know, from the standpoint of budgeting and so forth to implement separate accounts. Obviously, it's possible, but relevant to the current practices and the way that the Guard and Reserves get their equipment, it would be a substantial change, certainly possible. Of course, you could argue that from the standpoint of people like you in the Commission or people like us that would provide additional insight, because we would know specifically what was being budgeted for the Guard and Reserves and what was being budgeted for the active, but I am sure the active folks could come in and give you a list of reasons why it might not be advisable. I'm not going to go through that right now.

So it's possible and you know, there are people who would argue on either side of it and it would be a substantial change in terms of programming within the building relative to the programming process within the building relative to what's being done now.

MR. STUMP: Okay, thank you. Thank you, Mr. Chairman.

MR. PUNARO: Thank you. Commissioner Thompson?

J. STANTON THOMPSON: Mr. Gilmore, if you could, just – I've never met a person from the Congressional Budget Office in my life, so this is a first time for me.

One of your functions is to take the Department of Defense's budget recommendations and dissect that and look at it from – for, I guess, a reality check. Is

that one of your functions? Yeah. That you would do if the DOD budget comes to the Hill – are you – one of your jobs – I honestly don't know – is one of your jobs to analyze that budget and tell Congress whether that stuff makes sense or not? You don't submit a separate budget, do you?

MR. GILMORE: No, no, we don't.

MR. THOMPSON: Okay.

MR. GILMORE: I would characterize my job that way. Of course, people ask me what my job is from time to time and I have a hard time explaining it. I guess when we look at the job of a national security division is that we're the Congress's bound consultants. They ask us questions and we try to answer them. And the way that we answer the questions is in a very multiple-ended manner. We don't give them recommendations or opinions. We just give them the facts. If they ask us, for example, what do you think Program X will cost and occasionally we get questions like that, we'll say, well, okay, here's what DOD says it's going to do and if they do all these things, here's what we think it will cost, which is typically more than DOD says, and then we'll point out – oh, by the way, here are the reasons why they may not be able to do exactly what they say they're going to do and if other things happen, then the cost would be something else and that would be even higher.

So, I mean, if you think that kind of function – performing those kinds of activities is performing a reality check, I guess it would be fair to say we do, but we do it in response to specific questions. Now, there is one thing that the CBO does every year and it's for the entire president's budget. The president submits a budget and the Congressional Budget Office does its own estimate of what we think that budget will cost in comparison with what OMB is saying it will cost, but that's for everything in the government including defense.

MR. THOMPSON: Well, where I am coming from, I guess, and you'll just have to tell me whether you're going to answer it or not, I don't have Army and Army National Guard background. I'm learning a lot about those two entities.

There seems to have been historically, at least from my view, Army used the Army National Guards at times as bill payers at the expense of the Army National Guard and the Army Reserve, and we're hearing today that we – the Army leadership is telling us we're a total force. We share in the pain and the glory together and it seems to be contrary to history. So as you look at budget submissions, that's where I'm coming from – those that are focused on Army issues, are you saying – there's a lot of skepticism, I guess, amongst the Guard folks that what's being said is going to be reality, and I'm trying to say – I don't have anybody else to ask – if you're seeing budget submissions from the Department of Defense that affect the Army and they could have an effect on the Army National Guard and the Army Reserve, are you seeing this brotherhood of sharing or would you see this more traditional way of approaching it?

MR. GILMORE: Well, again, I'll tell you what I know.

MR. THOMPSON: Okay.

MR. GILMORE: As I indicated relative to authorized levels, you know, personnel and end strength, the Guard and the Guard combat units have been, you know, funded at less than authorized levels for some time. That was a conscious policy decision.

With regard to the future, well, we recently did a study of alternatives for the Army's future combat systems, which is the system that over the very long term is not going to be relevant to what's happening in Iraq, no one thinks. But over the very long term, it's the system that's going to be – that equipment is what the Army is supposedly going to be relying on for all of its units, both active and reserve.

The program of record is for 15 brigade sets and that's not enough to equip everybody in the active. It's also not enough equipment to equip all of the likely positioning sets although the Army is currently in the process of restructuring those, but it's not enough equipment to equip all the likely sets that will emerge from that, and so therefore it's not enough to equip all of the Guard units.

And you know, what will happen in the future after the first 15 brigades sets are bought, I don't know and the Army has stretched that program out considerably over the last several years and in the 2008 budget submission, they've reduced the annual buys to one brigade set a year as opposed to, you know, 2121 in the previous budget submission. And why is that occurring? It's occurring because FCS cost continues to go up.

So you know, I don't know if that – I think that addresses your question indirectly somewhat, but when we look at what their program of record is, relative to what they say they need to equip their entire force, they're not buying enough FCS equipment sets to equip their entire force, which means that a substantial part of the force is going to be equipped with Bradleys, Abrams and M113s, the last of which date back many, many years for the foreseeable future. And the Army's plan for sustaining that force isn't clear to me. So I hope that –

MR. THOMPSON: I think that's fine. I was also kind of astounded by the dollar numbers here, where we were – I think on the Army Reserve, I'd have to get your written presentation out – but the investment in recruiting or retention – I'm not sure which one is of the two – went from \$12 million to \$174 million in two years. Is that – am I saying that right?

MR. GILMORE: Well, let me review this.

MR. THOMPSON: Was it recruiting or retention that we were making that investment in?

MR. GILMORE: Let's see. Enlistment bonuses, that's – yeah, for recruiting in the Army Reserve – let's see – pre-war, let's say 2001, there were \$27 million a year and they've grown to \$84 million a year last year. That's for enlistment bonuses.

For reenlistment bonuses, to try and keep the people in, whom you like to retain and who are already in the force, reenlistment bonuses grew from, in the Army Reserve from \$8 million a year in 2001 pre-war to \$174 million last year.

MR. THOMPSON: And I'm hearing that the majority of that money is coming from the supplementals.

MR. GILMORE: Yeah, the increased amounts. I don't have the exact split for you, but I think it's fair to say the majority of – for example, the majority of \$174 million was funded by supplementals.

MR. THOMPSON: And so we're basically buying retention and recruiting with dollars.

MR. GILMORE: Yes.

MR. THOMPSON: Without – we've had testimonies said without those we'd be up a creek without a paddle, that in terms of being able to retain the numbers necessary and recruit the numbers necessary. Would that be a fair statement?

MR. GILMORE: I would have to say it a different way. I would say it that I wouldn't understand how they'd be able to keep the continuation rates that they have without that strategy.

MR. THOMPSON: Okay. So if we're looking at the one in six, Dr. Currie, that you talk about, if these supplementals go away and there seems to be some kind of recognition that that might happen, that looks to me like a train wreck coming. Is that fair to say?

MR. CURRIE: Well, it depends upon what they are willing to fund in their base budget. I mean, for example, with regard to the increases in the active force, they've been running more than 30,000 over their authorized levels for – well, the levels funded in the base budget for some time and the difference has been made up in the supplementals. However, the department has committed in 2009 to funding all of that – what I'll call overstrength – in the base budget as well as the 7,000 a year or so increases in active duty forces that are planned to ramp up to whatever it is – by (inaudible) or something like that in the active force in the base budget.

So if they're able to fund a lot of these things in the base budget, then the base budget will simply rise, but there are reasons why that will be difficult or may be difficult, and there are incentives that both the executive and the Congress have for

continuing to fund some of these activities and supplementals, notwithstanding other statements.

MR. THOMPSON: Okay. That's all I have, Mr. Chairman.

MR. PUNARO: Commissioner Eckles?

LARRY K. ECKLES: Dr. Currie, you are advocating that consideration be given to merging the Army, Air Reserve and the National Guard and I think you said that there would still be an Army Reserve comprised of those soldiers that did not participate in active troop units. Is that correct?

MR. CURRIE: That would be my proposal, Commissioner Eckles. The individual ready Reserve I think provides a good function. Not everyone is in a troop unit. You have the individual mobilization augmentees, which I would also consider in the same category, but that's what I would leave the Army Reserve with. I see no reason for maintaining separate troop units.

MR. ECKLES: As you probably know, recent experience with the IRR has not been real favorable and I think mainly because the resources haven't been applied to maintain an effective IRR. Do you have any thoughts or ideas on how an Army Reserve could better be managed so that there is a viable element?

MR. CURRIE: What you're speaking of is actually historically been the case. Databases have not been maintained. You can't find people in the IRR. Sometimes, when you're trying to find them, if what you have in the individual ready Reserve is people who have been out of active service either in a troop unit or active component for more than just a few years, they're not going to be much of an asset to you frankly.

The best use of an individual ready Reserve is for people who have only recently left active duty, who would like to maintain some sort of affiliation, for people who are between Reserve units and that happens sometimes when you move around. We have an increasingly mobile society and I think the IRR serves a very good function for a place to park yourself between Reserve units and such, and I think it should be maintained for that reason alone. But in terms of taking people and expecting them after they've been in the IRR for a few years to go out and plug in holes in units, it's just not realistic.

MR. ECKLES: I see. Thank you. Mr. Gilmore, do you see any fiscal efficiencies and in refunds capabilities if such a merger did occur?

MR. GILMORE: We haven't analyzed it, so I hesitate to say much of anything and you know, I can certainly imagine that there would be opportunities for elimination of some overhead that's currently associated with the Reserve, but I couldn't quantify it for you. I couldn't give you any idea of how much it might actually save.

MR. ECKLES: Mr. Chairman, that's all I have.

MR. PUNARO: Okay, I know we have a couple of commissioners that – before we’ve got some that want to ask a second round, but we don’t have a lot of time, but I know Commissioner Dawson has a question.

RHETT DAWSON: Yeah, just to follow up on your idea, Dr. Currie, a little bit more. I’m trying to tie your first idea to your second one. And the basis, as I understand from your first idea is you really want more capability. Isn’t that what you think the bottom line –

MR. CURRIE: Well, I would like to maintain the capability that you currently have in the Reserves, which I think you’re going to lose, however you want to say that.

MR. DAWSON: Okay.

MR. CURRIE: Right.

MR. DAWSON: But tying it to the second idea, other than giving you more homeland defense capability, if I were president of the United States – I’m old enough to be, but I don’t want to be – (laughter) – I could see how giving the authority over to the state governors of what is now mine and solely mine to command as the president, as the commander in chief would be viewed with great alarm and in fact, I think the burden would be on the proponents of those ideas to give me a better answer than just, well, that they’ve kind of lost their meaning. I think you have to make a more powerful case. You have to tell me how it’s going to increase capability of the force on a total basis, so that’s question one.

Question two is I’m intrigued by the idea despite my somewhat critical questions. How would you go about collecting data so it didn’t become a matter of opinion, and became a matter of objective analysis? What kind of data would you look for?

MR. CURRIE: Excellent question. With regard to the first one, I am not aware that there are great impediments in the way of any president taking a National Guard unit and using it how he wants to use it. You have to go through a little bit more perhaps than pulling an Army Reserve unit or something, but I am not aware of any great time difference that it would take to take a National Guard unit and use it at the federal level, or any legal impediments that would be in the way of doing so.

There were some times back in the ‘80s, I know, when there were state governors who objected to National Guard units being deployed down to Central America in support of the Reagan administration’s policies there. They found the governors couldn’t stop them, and they were deployed down there, and they did serve in support of the Reagan administration’s efforts in Central America. You know, you may find better than I that there are reasons for that. I am not aware of any.

With regard to what data you would need, frankly, I don't know what data you would need to do this. I think the question that was posed to my colleague here about what you would save, would be one thing that you would want to look at. How much in the way of actual administrative overhead would you have in the Army Reserve and in the Air Force Reserve that you could eliminate if you put them together with their Guard counterparts, and I think those are data that you could compile, and I think you ought to ask the CBO people to do that. I think that would be fair. And they would be well equipped to do that, and I know they're looking for additional missions all the time – (laughter) – so I think you could do that, and I think you would be able to come up with some pretty good numbers if you did figure out what are the duplicative functions that could be eliminated if you were to merge those two components together. I don't know what the raw numbers would be, but I suspect there's a fair amount of overhead in the Army Reserve and in the Air Force Reserve that you could eliminate if you merged them into their National Guard counterparts.

MR. DAWSON: Do you – just to kind of drill down again. Do you see increase capability flowing out of this somehow?

MR. CURRIE : Absolutely. I think, you know, if you combine particularly in the Army side the combat support, combat service support units that you have in the Army Reserve and put them into the National Guard, frankly, when you're responding to a lot of state emergencies, those are the kinds of units that you need, those are the transportation units, those are the medical units, those are the military police units that you almost can't have too many of when you're responding to a state level disaster whether manmade or natural disaster of some kind.

So I think you would be increasing the ability of the National Guard to respond to those things. I mentioned in my testimony that one of my frustrations in 1979, personally, was the great flood that we had in Jackson, Mississippi, and you know, the National Guard units were out there filling sandbags and attempting to hold back the mighty Pearl River, and we in the Reserves said, how can we help, and they said, you can't. You're not authorized to go out and do anything. You know, that – I thought that was kind of strange. I was just a captain at the time and I didn't know any better.

MR. PUNARO: Any other commissioners that haven't had a first round before we – okay. Commissioner McKinnon?

MR. MCKINNON: I just want to be sure I clarify one thing, Mr. Gilmore. Actually, I was very interested in the way you place things about overstrength rather than underfunded. That's not the issue, but – if Congressman Skelton or Congressman Hunter called you up and said, hey, we got a request here from DOD for x-number of million or hundreds of millions of dollars to reset this equipment coming back from Iraq, tell us what it is for. And what you're saying is, you don't know and DOD hasn't told you, or is incapable of telling you that, is that correct?

MR. GILMORE: Not quite. I wouldn't make quite that strong a statement. In fact, they have asked us that, and that's the study on worn equipment that I've alluded to that we're doing that we hope to finish within the next couple of months.

There are certain things that we can tell them that we understand regarding the requests, what the money is being spent for, why the requests for resetting equipment have been growing substantially over the last several years, and in fact, we're constructing a table right above this study that shows what we can't explain in terms of dollar value of the requests that have been made, and by explain, I mean, we can verify independently doing our own analysis of what, for example, the needs might be to replace equipment that's been lost or equipment that's wearing out.

And then there's a residual amount that, you know, we haven't been provided the information to explain. And I don't remember what the numbers are, but there's, you know, a substantial amount that we can't explain, but there's also a significant amount that we can. So I can't make a blanket statement that we can't explain it. I can say that there are substantial elements to the request that we can't explain because we don't have the information.

MR. MCKINNON: Where I'm leading is – I'm just trying to understand, if you don't have an inventory of the equipment, how do you make a judgment on what the costs are?

MR. GILMORE: Well, you know, we have a total inventory across the Army –

MR. MCKINNON: I understand that.

MR. GILMORE: – and then –

MR. MCKINNON: But you say you don't –

MR. GILMORE: – we know what – we have information on what's been lost and we have information on the rate, what's called the operational tempo of the equipment that's there, you know, how many miles Humvees are being driven, how many miles tanks are being driven, although, again, that's aggregated. So we can do an estimate on that basis of what the need might be for, you know, depot maintenance and that sort of thing. So there are pieces of the requests that we can explain based on the information that we have, but there are other pieces that we can't explain or analyze in detail, like for example, we can't do an independent assessment of what the equipment shortages are in the Guard units that have been deployed there right now for the reasons that I mentioned. We don't know what equipment they had when they went over. We don't know what equipment they had when they came back.

MR. MCKINNON: Okay. I've talked to these congressmen and they asked – we're getting request where shortages are down to 50 percent or 26 percent or whatever

for a Guard unit, and he says, well, what are they missing or how much, and I haven't been able to find any place where that information exists.

MR. GILMORE: Well, we don't have that specific information. We couldn't answer that question for Congressman Skelton either.

MR. MCKINNON: Okay, okay. Thanks a lot.

MR. PUNARO: All right. Let me close out with one last question.

MR. THOMPSON: Mr. Chairman, down this way. I got one quick alibi for Dr. Currie. What's the ratio of reserve component members who have seats in your school compared to active component members?

MR. CURRIE: Oh, my gracious. We have – probably we get – and I'm just guessing – we have 300 and – about 310 students at the Industrial College of the Armed Forces each year. I'm going to say that we get maybe two Army Reserve, a couple of Army National Guard, maybe a couple of Air Guard and a couple of Air Force Reserve and that's about it. So we get maybe eight reserve component people out of 310. We get a few – we have more civilians at our school than most of them do. We have about 100 civilians. Some of them turned out to be reservists, but they're coming in their civilian capacity so you get a little bit more than that.

I was talking with Commissioner Sherrard before this started. A few years ago I was attempting to deal with the chief of the Army Reserve staff on the type of person that we were getting as well. I wanted to increase the numbers, but I wanted to change the type. What they send us are AGR officers, and they're perfectly fine people, but they're not the people out of the troop units who are going to be the senior colonels and the generals. They're going to peak out at colonel at the most, and I proposed at the time that instead of sending us the AGRs, pluck people out of the troop units, give them the option of attending senior service college in residence instead of doing the Army War College by correspondence which is what most of them were doing.

And I got more pushback from them on that. They said, oh, we can't ask them to leave their civilian job for ten months to come study with you. And I'm thinking, now, wait a minute. You can't send them for ten months, but you can pluck them out for a year and send them somewhere? There's a disconnect there. I think we need – we have 15-person seminars. I'd love to have a reserve component person in every seminar. We have an international officer in every seminar. I find, frankly, that the ignorance level of my active component counterparts of what the Reserves are about is phenomenal, and these are not unintelligent people, they simply don't understand, and if you're sitting next to somebody in a seminar for ten months, you will learn, and I would love to increase the numbers there, but it's the Reserve chiefs themselves who are not sending them to us, and that's a problem, and I don't know what the answer to that is, but I really wish we could get more and of a different type.

MR. PUNARO: Well, I know that's one Patty Lewis who had to leave this afternoon, that's on her subcommittee. One of our charges from Congress is how to improve the whole PME, JPME. So we all know that well, so we're working that pretty hard.

In terms of the close out question, Mr. Gilmore, I know you hear this in the Congress a lot. I know it's a question that we pose here are the Commission. Now, it's a question that former Secretary of Defense Rumsfeld would pose to the military departments. You've got roughly about 1.3 million on active duty in the United States military. That's about right, 1.3 million. You've got 800,000 drilling reservists. These are reservists that belong to units where they've committed to being in a unit and they know they're subject to being called up as opposed to the people in the individual ready Reserve. And at any one time, let's say, generously, we – let's just say Iraq and Afghanistan, we've got a couple of hundred thousand and let's say in other four deployed units, traditional South Korea, Okinawa, another X-number of thousands. So basically you still have over a million that are not deployed.

So the question always is what is the other one million doing? And what we're say is of course let's make a larger Army. Let's make a larger Marine Corps. You've already stated, as I understand it, when the Army testified this morning, assistant secretary of the Army for financial management said that they have – their estimate of what it requires to maintain the Army in peace time is \$138 billion. And quite unusual in my judgment, they said that they only asked for \$121 billion. And in that wedge that they have, they have roughly \$70 billion to increase the size of the Army. CBO's estimate is in excess of \$100 billion. So he's already short what he needs to basically increase the size of the Army, much less buy down any equipment efficiencies in the active Army, the Army Reserve or the Army Guard.

So you don't have to be – and certainly with my Marine Corps background, I can barely read and write, I certainly can't add and subtract, but even I can figure out that those holes are not going to be filled. So the real – I mean, has CBO done any analysis? The institutional Army, by the way, 50 percent of the Army is in the institutional Army. They don't deploy. But that doesn't mean there aren't people in the institutional Army that haven't done a lot of deployments. But what I'm saying is you have a lot of your structure in the U.S. Army that's tied up in overhead. Is the CBO doing any kind of analytical work in this whole area to try to figure out how we might basically shift some resources from overhead or the tail to the tooth? Has there been any work done on that in the last couple of years?

MR. GILMORE: Yeah. In our study of restructuring the Army, we've looked at the issue of how – you know, shifting some people from the institutional Army into the operational Army, and of course, the Army is trying to do that now, and in fact, the increase in the Reserves that's program is largely – at least in terms of the operational force and Reserves it's largely coming out of a plan to shift people from the institutional part of that force and the operational force.

The Army's been doing that for some time, and the experience has been that they are able to do some shifts, but overall it doesn't address – you know, it doesn't make a big difference. I mean, it helps, and I'm not trying – in these remarks I'm not trying to criticize those efforts at all. It certainly helps when you can shift more of your people from the institutional part – the overhead part of the Army into the deployable piece. And they've been doing that – for several years they've been trying to do it. But it doesn't make that much difference in terms of, you know, the stresses that are actually on the force right now. I mean, the size of the deployable pool is what it is. If increase it by 10, 20, 30, 40,000 people, if you look at what the demands are, that helps, but it doesn't make any difference. It doesn't take you from being stressed to non-stressed. It just doesn't happen.

And also, if you look historically at these – you know, at what the size of the institutional Army is relative to the size of the rest of the Army, it's almost like a gravitational constant – people try to change that fraction but they have very little effect on it for reasons that I can't list in detail, because I don't exactly what they are. All I know is it tracks pretty well. So I'm not saying you shouldn't make attempts to try and shift that, change that fraction – institutional versus the rest of the Army – but it hasn't been changed that much over the years. And the changes that have occurred have helped, but haven't even come close to eliminating the problems that the Army has right now, given the way it's been used.

MR. PUNARO: Have you seen anything, finally, on the analytical front that would suggest to you that – I mean, CBO can't use words like the Guard and Reserve is a bargain for the taxpayer. But if you look at the cost of having capability in the active versus the cost of having it in the reserves, traditionally the department has argued and certainly Congress has argued and certainly what we've seen in our analysis to date is that the Guard and Reserve remains very cost effective in terms of having comparable capabilities in the active. Have you seen anything analytically that would change that dynamic? It could be the Guard and Reserve is getting more expensive, but also the active is getting, as I pointed out in the beginning, it's gone from \$60,000 to \$119,000 per FTE.

MR. GILMORE: Right. Well, but once you activate a Reserve member the costs are pretty close to what an active member is. That's – the reason over the long term the costs are less is because they're not – they haven't been activated.

MR. PUNARO: Right.

MR. GILMORE: So I think that going forward, it obviously – the cost of the active versus the Reserve will depend upon how much the Reserve is activated. If you don't need to activate the Reserve that much then obviously its cost will be lower. So if – once we withdraw from Iraq, we don't engage in a similar operation, then what's happened in the past regarding the cost of the active versus the cost of the Reserve will be what happens in the future. But if you're going to continue to use the armed forces the way we are, then you know, that has changed and it would change.

So I don't think I'm saying anything particularly profound here. I mean, the reason the Reserves have been a bargain is because that capability sits there, but you only pay for it when you need it. If it turns out that you need it all the time, then it's going to be about as expensive as the pieces of force that you keep ready to do something all the time.

MR. PUNARO: Right. I mean, if you needed it 365 days a year for ten years you wouldn't put it in the Guard and Reserve, you'd put it in the active duty military.

MR. GILMORE: Correct. And I pointed out –

MR. PUNARO: And your point there is if you try to replicate it, it'd be about \$600 billion.

MR. GILMORE: It would be a very expensive proposition and it would be a challenge and it would be a challenge to recruit all those people and it wouldn't happen overnight. It would happen over many years.

MR. PUNARO: Yeah. Okay. Any closing comments by either of our two colleagues? Because we certainly appreciate your testimony. We look forward to staying in close touch with you as we move forward. I'm sure we'll be getting back with you for some additional thoughts on some of your very non-controversial ideas, but you've been very persuasive and objective about them. And we thank the CBO. The CBO is doing some work – additional work for us. And we know how busy the CBO is, and we appreciate all the help that the Commission is getting from the CBO, but I know we also appreciate the continuing objectivity and analytical approach the CBO brings to all these issues. And when you've been in government as long as all of us up on this place have been you know that just like in the Pentagon they need PA&E.

In the Congress we need CBO, because you've got to be able to go to a place and get a dispassionate objective analytical – you don't what to operate in the fact-free environment. So we certainly appreciate the help we're getting from CBO and we appreciate your time and energy today and look forward to staying in touch with both of you. So thank you very much.

All right. The panel – the hearing will stand adjourned, but we're going to be getting a – please, commissioners, just stay in place because we're going to be getting additional briefing here in closed session.

(End of day one.)